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[COMMITTEE PRINT]

FEBRUARY 27, 1998

**AMENDMENT IN THE NATURE
OF A SUBSTITUTE TO H.R. 6
OFFERED BY MR. McKEON OF CALIFORNIA**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Higher Education
3 Amendments of 1998”.

4 SEC. 2. TABLE OF CONTENTS.

5 The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. References.
- Sec. 4. General effective date.

TITLE I—GENERAL PROVISIONS

PART A—EXTENSION AND REVISION OF GENERAL PROVISIONS

- Sec. 101. Redesignation and transfer of provisions.
- Sec. 102. Definitions.

PART B—PERFORMANCE-BASED ORGANIZATION FOR THE DELIVERY OF
FEDERAL STUDENT FINANCIAL ASSISTANCE.

- Sec. 111. Performance-based organization for the delivery of Federal student financial assistance.

TITLE II—POSTSECONDARY EDUCATION IMPROVEMENT
PROGRAMS

- Sec. 201. Urban community service.
- Sec. 202. Fund for the Improvement of Postsecondary Education
- Sec. 203. Grants to States for workplace and community transition training for incarcerated youth offenders.
- Sec. 204. Advanced placement fee payment program.

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Sec. 205. Additional repeal.

TITLE III—INSTITUTIONAL AID

Sec. 301. Strengthening institutions.

Sec. 302. Historically Black colleges and universities.

Sec. 303. Minority science and engineering improvement program.

Sec. 304. General provisions.

TITLE V—TRIBALLY CONTROLLED COLLEGE AND UNIVERSITY
ASSISTANCE

PART A—TRIBALLY CONTROLLED COLLEGES AND UNIVERSITIES.

Sec. 501. Extension to colleges and universities.

Sec. 502. Program changes.

Sec. 503. Transfer to Higher Education Act.

PART B—REAUTHORIZATION AND TRANSFER OF PROVISIONS FROM TITLE
XIII OF THE EDUCATION AMENDMENTS OF 1992

Sec. 511. Reauthorization.

Sec. 512. Transfer to Higher Education Act.

PART C—REAUTHORIZATION AND TRANSFER OF NAVAJO COMMUNITY
COLLEGE ACT

Sec. 521. Reauthorization.

Sec. 522. Transfer to Higher Education Act.

PART D—CONFORMING AMENDMENTS.

Sec. 531. Stylistic consistency.

TITLE VI—INTERNATIONAL AND GRADUATE EDUCATION
PROGRAMS

Sec. 601. International and foreign language studies.

Sec. 602. Business and international education programs.

Sec. 603. Institute for International Public Policy.

Sec. 604. General provisions.

Sec. 605. Transfer and reauthorization of graduate assistance in areas of national need program.

TITLE VII—CONSTRUCTION, RECONSTRUCTION, AND
RENOVATION OF ACADEMIC FACILITIES

Sec. 701. Extension of prior rights and obligations.

Sec. 702. Repeal of part A.

Sec. 703. Extension of authorization of part B.

Sec. 704. Extension of authorization of part C.

TITLE VIII—ADDITIONAL PROVISIONS

Sec. 801. Study of transfer of credits.

Sec. 802. Repeals of previous higher education amendments provisions.

TITLE IX—AMENDMENTS TO THE EDUCATION OF THE DEAF
ACT OF 1986

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Subtitle A—Gallaudet University; National Technical Institute for the Deaf

CHAPTER 1—GALLAUDET UNIVERSITY

- Sec. 901. Board of Trustees membership.
- Sec. 902. Elementary and secondary education programs.
- Sec. 903. Agreement with Gallaudet University.

CHAPTER 2—NATIONAL INSTITUTE FOR THE DEAF

- Sec. 911. Agreement for the National Technical Institute for the Deaf.

Subtitle B—General Provisions

- Sec. 921. Definitions.
- Sec. 922. Audits.
- Sec. 923. Reports.
- Sec. 924. Monitoring, evaluation, and reporting.
- Sec. 925. Responsibility of the liaison.
- Sec. 926. Federal endowment programs.
- Sec. 927. Scholarship program.
- Sec. 928. Oversight and effect of agreements.
- Sec. 929. International students.
- Sec. 930. Authorization of appropriations.

1 **SEC. 3. REFERENCES.**

2 Except as otherwise expressly provided, whenever in
3 this Act an amendment or repeal is expressed in terms
4 of an amendment to, or repeal of, a section or other provi-
5 sion, the reference shall be considered to be made to a
6 section or other provision of the Higher Education Act of
7 1965 (20 U.S.C. 1001 et seq.).

8 **SEC. 4. GENERAL EFFECTIVE DATE.**

9 Except as otherwise provided in this Act or the
10 amendments made by this Act, the amendments made by
11 this Act shall take effect on October 1, 1998.

1 **TITLE I—GENERAL PROVISIONS**

2 **PART A—EXTENSION AND REVISION OF**

3 **GENERAL PROVISIONS**

4 **SEC. 101. REDESIGNATION AND TRANSFER OF PROVISIONS.**

5 (a) IN GENERAL.—

6 (1) REPEAL OF TITLE I.—Title I (20 U.S.C.
7 1001 et seq.) is repealed.

8 (2) REPEAL OF TITLE XII PROVISIONS.—The
9 following sections of title XII are repealed: sections
10 1206, 1211, and 1212 (20 U.S.C. 1145a, 1145e,
11 1145f)

12 (3) REDESIGNATIONS.—

13 (A) Title XII is redesignated as title I.

14 (B) Sections 1201, 1202, and 1203 (20
15 U.S.C. 1141, 1142, 1143) are redesignated as
16 sections 101, 102, and 103, respectively.

17 (C) Section 1204(b), as redesignated by
18 section 251 of the Higher Education Amend-
19 ments of 1968 (20 U.S.C. 1144(b); 82 Stat.
20 1042), is redesignated as section 104.

21 (D) Section 1204, as added by section
22 1201 of the Education Amendments of 1980
23 (20 U.S.C. 1144a; 94 Stat. 1495), is redesign-
24 nated as section 105.

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1 (E) Sections 1205, 1207, 1208, 1209,
2 1210, and 1213 (20 U.S.C. 1145, 1145b,
3 1145c, 1145d, 1145d-1, and 1145g) are reded-
4 igned as sections 106 through 111, respec-
5 tively.

6 (4) TRANSFER.—Title I (including sections 101
7 through 111), as redesignated by paragraph (3), is
8 transferred to immediately follow the short title of
9 the Higher Education Act of 1965 (20 U.S.C. 1001
10 note).

11 (b) INTERNAL CROSS-REFERENCES.—The Higher
12 Education Act of 1965 is amended—

13 (1) in section 106 (as redesignated by sub-
14 section (a)(3)), by striking “481(a)” and inserting
15 “101(a)”;

16 (2) in section 402(c)(2)(A), by striking “section
17 1210” and inserting “section 110”;

18 (3) in section 481, by striking “section
19 1201(a)” each place it appears and inserting “sec-
20 tion 101”;

21 (4) in section 485(f)(1)(I), by striking “section
22 1213” and inserting “section 111”;

23 (5) in section 498(j)(2), by striking “section
24 1201(a)(2)” and inserting “section 101(a)(2)”;

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1 (6) in section 591(d)(2), by striking “section
2 1201(a)” and inserting “section 101”;

3 (7) in section 631(a)(8), by striking “section
4 1201(a)” each place it appears and inserting “sec-
5 tion 101”; and

6 (8) in section 1081(d), by striking “section
7 1201” and inserting “section 101”.

8 (c) CONFORMING AMENDMENTS.—

9 (1) TITLE 10, UNITED STATES CODE.—Sections
10 2193(c)(1) and 2199(2) of title 10, United States
11 Code, are each amended by striking “1201(a) of the
12 Higher Education Act of 1965 (20 U.S.C. 1141(a))”
13 and inserting “101 of the Higher Education Act of
14 1965”.

15 (2) TITLE 18, UNITED STATES CODE.—Section
16 207(j)(2)(B) of title 18, United States Code, is
17 amended by striking “1201(a)” and inserting
18 “101”.

19 (3) TITLE 39, UNITED STATES CODE.—Section
20 3626(b)(3) of title 39, United States Code, is
21 amended by striking “1201(a) of the Higher Edu-
22 cation Act of 1965 (20 U.S.C. 1141(a))” and insert-
23 ing “101 of the Higher Education Act of 1965”.

24 (4) ANTI-DRUG ABUSE ACT OF 1988.—Section
25 3601(7) of the Anti-Drug Abuse Act of 1988 (42

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1 U.S.C. 11851(7)) is amended by striking “1201(a)
2 of the Higher Education Act of 1965 (20 U.S.C.
3 1141(a))” and inserting “101 of the Higher Edu-
4 cation Act of 1965”.

5 (5) CRANSTON-GONZALEZ NATIONAL AFFORD-
6 ABLE HOUSING ACT.—Section 457(9) of the Cran-
7 ston-Gonzalez National Affordable Housing Act (42
8 U.S.C. 12899f(9)) is amended by striking “1201(a)”
9 and inserting “101”.

10 (6) DEPARTMENT OF STATE AUTHORIZATION
11 ACT, FISCAL YEARS 1984 AND 1985.—Section 803(1)
12 of the Department of State Authorization Act, Fis-
13 cal Years 1984 and 1985 (20 U.S.C. 4502(1)) is
14 amended by striking “1201(a)” and inserting
15 “101”.

16 (7) EDUCATION FOR ECONOMIC SECURITY
17 ACT.—Section 3(6) of the Education for Economic
18 Security Act (20 U.S.C. 3902(6)) is amended by
19 striking “1201(a)” and inserting “101”.

20 (8) ELEMENTARY AND SECONDARY EDUCATION
21 ACT OF 1965.—The Elementary and Secondary Edu-
22 cation Act of 1965 is amended—

23 (A) in section 7501(4) (20 U.S.C.
24 7601(4)) by striking “1201(a)” and inserting
25 “101”; and

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1 (B) in section 14101(17) (20 U.S.C.
2 8801(17)), by striking “1201(a)” and inserting
3 “101”.

4 (9) FEDERAL AGRICULTURE IMPROVEMENT
5 AND REFORM ACT OF 1996.—Section 922 of the Fed-
6 eral Agriculture Improvement and Reform Act of
7 1996 is amended in subsections (a)(1)(B) and (b)(1)
8 by striking “1201 of the Higher Education Act of
9 1965 (20 U.S.C. 1141)” and inserting “101 of the
10 Higher Education Act of 1965”.

11 (10) FOLLOW THROUGH ACT.—Section 670G(5)
12 of the Follow Through Act (42 U.S.C. 9877(5)) is
13 amended by striking “1201 of the Higher Education
14 Act of 1965” and inserting “101 of the Higher Edu-
15 cation Act of 1965”.

16 (11) FOOD AND AGRICULTURE ACT OF 1977.—
17 Section 1417(h)(1)(A) of the Food and Agriculture
18 Act of 1977 (7 U.S.C. 3152(h)(1)(A)) is amended
19 by striking “1201(a) of the Higher Education Act of
20 1965 (20 U.S.C. 1141(a))” and inserting “101 of
21 the Higher Education Act of 1965”.

22 (12) FOREIGN RELATIONS AUTHORIZATION
23 ACT, FISCAL YEARS 1986 AND 1987.—Section 603(d)
24 of the Foreign Relations Authorization Act, Fiscal
25 Years 1986 and 1987 (20 U.S.C. 4703(d)) is

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1 amended by striking “1201(a)” and inserting
2 “101”.

3 (13) GENERAL EDUCATION PROVISIONS ACT.—
4 Section 429(d)(2)(B)(ii) of the General Education
5 Provisions Act (20 U.S.C. 1228c(d)(2)(B)(ii)) is
6 amended by striking “1201(a)” and inserting
7 “101”.

8 (14) HARRY S TRUMAN MEMORIAL SCHOLAR-
9 SHIP ACT.—Section 3(4) of the Harry S Truman
10 Memorial Scholarship Act (20 U.S.C. 2002(4)) is
11 amended by striking “1201(a)” and inserting
12 “101”.

13 (15) HEAD START ACT.—Section 649(c)(3) of
14 the Head Start Act (42 U.S.C. 9844(c)(3)) is
15 amended by striking “1201(a) of the Higher Edu-
16 cation Act of 1965 (20 U.S.C. 1141(a))” and insert-
17 ing “101 of the Higher Education Act of 1965”.

18 (16) HIGHER EDUCATION AMENDMENTS OF
19 1992.—Section 1371(a)(1)(B) of the Higher Edu-
20 cation Amendments of 1992 (25 U.S.C.
21 3371(a)(1)(B)) is amended by striking “1201(a)”
22 and inserting “101”.

23 (17) INTELLIGENCE AUTHORIZATION ACT, FIS-
24 CAL YEAR 1992.—Section 808(3) of the Intelligence
25 Authorization Act, Fiscal Year 1992 (20 U.S.C.

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1 1908(3)) is amended by striking “1201(a) of the
2 Higher Education Act of 1965 (20 U.S.C. 1141(a))”
3 and inserting “101 of the Higher Education Act of
4 1965”.

5 (18) JOB TRAINING PARTNERSHIP ACT.—The
6 Job Training Partnership Act is amended—

7 (A) in section 4(12) (29 U.S.C. 1503(12)),
8 by striking “1201(a)” and inserting “101”; and

9 (B) in section 141(d)(3)(B) (29 U.S.C.
10 1551(d)(3)(B)), by striking “1201(a) of the
11 Higher Education Act of 1965 (20 U.S.C.
12 1141(a))” and inserting “101 of the Higher
13 Education Act of 1965”.

14 (19) JUSTICE SYSTEM IMPROVEMENT ACT OF
15 1979.—Section 901(a)(17) of the Justice System Im-
16 provement Act of 1979 (42 U.S.C. 3791(a)(17)) is
17 amended by striking “1201(a) of the Higher Edu-
18 cation Act of 1965 (20 U.S.C. 1141(a))” and insert-
19 ing “101 of the Higher Education Act of 1965”.

20 (20) MUTUAL EDUCATIONAL AND CULTURAL
21 EXCHANGE ACT OF 1961.—Section 112(a)(8) of the
22 Mutual Educational and Cultural Exchange Act of
23 1961 (22 U.S.C. 2460(a)(8)) is amended by striking
24 “1201(a) of the Higher Education Act of 1965 (20

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1 U.S.C. 1141(a))” and inserting “101 of the Higher
2 Education Act of 1965”.

3 (21) NATIONAL AND COMMUNITY SERVICE ACT
4 OF 1990.—Sections 101(13) and 166(6) of the Na-
5 tional and Community Service Act of 1990 (42
6 U.S.C. 12511(13); 12626(6)) are each amended by
7 striking “1201(a) of the Higher Education Act of
8 1965 (20 U.S.C. 1141(a))” and inserting “101 of
9 the Higher Education Act of 1965”.

10 (22) NATIONAL DEFENSE AUTHORIZATION ACT
11 FOR FISCAL YEAR 1987.—Section 1403(4) of the Na-
12 tional Defense Authorization Act for Fiscal Year
13 1987 (20 U.S.C. 4702(4)) is amended by striking
14 “1201(a) of the Higher Education Act of 1965 (20
15 U.S.C. 1141(a))” and inserting “101 of the Higher
16 Education Act of 1965”.

17 (23) NATIONAL DEFENSE AUTHORIZATION ACT
18 FOR FISCAL YEAR 1993.—The National Defense Au-
19 thorization Act for Fiscal Year 1993 is amended in
20 section 4451(b)(1) (10 U.S.C. 2701 note) by strik-
21 ing “1201(a) of the Higher Education Act of 1965
22 (20 U.S.C. 1141(a))” and inserting “101 of the
23 Higher Education Act of 1965”.

24 (24) NATIONAL DEFENSE AUTHORIZATION ACT
25 FOR FISCAL YEARS 1992 AND 1993.—Section

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1 3132(b)(1) of the National Defense Authorization
2 Act for Fiscal Years 1992 and 1993 (42 U.S.C.
3 7274e(b)(1) is amended by striking “1201(a) of the
4 Higher Education Act of 1965 (20 U.S.C. 1141(a))”
5 and inserting “101 of the Higher Education Act of
6 1965”.

7 (25) NATIONAL DEFENSE AUTHORIZATION ACT
8 FOR FISCAL YEAR 1994.—The National Defense Au-
9 thorization Act for Fiscal Year 1994 is amended—

10 (A) in section 841(c) (10 U.S.C. 2324
11 note), by striking “1201(a) of the Higher Edu-
12 cation Act of 1965 (20 U.S.C. 1141(a))” and
13 inserting “101 of the Higher Education Act of
14 1965”;

15 (B) in section 1333(i)(D)(3) (10 U.S.C.
16 2701 note), by striking “1201(a) of the Higher
17 Education Act of 1965 (20 U.S.C. 1141(a))”
18 and inserting “101 of the Higher Education
19 Act of 1965”; and

20 (C) in section 1334(k)(3) (10 U.S.C. 2701
21 note), by striking “1201(a) of the Higher Edu-
22 cation Act of 1965 (20 U.S.C. 1141(a))” and
23 inserting “101 of the Higher Education Act of
24 1965”.

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1 (26) NATIONAL EDUCATION STATISTICS ACT OF
2 1994.—Section 402(c)(3) of the National Education
3 Statistics Act of 1994 (20 U.S.C. 9001(c)(3)) is
4 amended by striking “1201(a)” and inserting
5 “101”.

6 (27) OLDER AMERICANS ACT OF 1965.—Section
7 102(32) of the Older Americans Act of 1965 (42
8 U.S.C. 3002(32)) is amended by striking “1201(a)
9 of the Higher Education Act of 1965 (20 U.S.C.
10 1141(a))” and inserting “101 of the Higher Edu-
11 cation Act of 1965”.

12 (28) OMNIBUS PARKS AND PUBLIC LANDS MAN-
13 AGEMENT ACT OF 1996.—Section 1007(c)(5) of the
14 Omnibus Parks and Public Lands Management Act
15 of 1996 (16 U.S.C. 698u-5) is amended by striking
16 “1201(a) of the Higher Education Act of 1965 (20
17 U.S.C. 1441(a))” and inserting “101 of the Higher
18 Education Act of 1965”.

19 (29) PUBLIC LAW 85 OF THE 67TH CON-
20 GRESS.—Public Law 85 of the 67th Congress (42
21 Stat. 208; 25 U.S.C. 13), popularly referred to as
22 the Snyder Act, is amended by striking “1201” and
23 inserting “101”.

24 (30) PUBLIC LAW 416 OF THE 73RD CON-
25 GRESS.—Section 223(h)(4) of the Communication

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1 Act of 1934 (47 U.S.C. 223(h)(4)) is amended by
2 striking “1201 of the Higher Education Act of 1965
3 (20 U.S.C. 1141)” and inserting “101 of the Higher
4 Education Act of 1965”.

5 (31) PUBLIC LAW 845 OF THE 80TH CON-
6 GRESS.—Section 112(a)(1) of the Federal Water
7 Pollution Control Act (33 U.S.C. 1262(a)(1)) is
8 amended by striking “1201” and inserting “101”.

9 (32) PUBLIC LAW 88-210.—Section 347(2)(A)
10 of the Carl D. Perkins Vocational and Applied Tech-
11 nology Education Act (20 U.S.C. 2394(2)(A)) is
12 amended by striking “1201(a)” and inserting
13 “101”.

14 (33) PUBLIC LAW 94-163.—Section
15 362(f)(5)(A) of the Energy Policy and Conservation
16 Act (42 U.S.C. 6322(f)(5)(A)) is amended by strik-
17 ing “1201(a) of the Higher Education Act of 1965
18 (20 U.S.C. 1141(a))” and inserting “101 of the
19 Higher Education Act of 1965”.

20 (34) PUBLIC LAW 99-500.—Section 815(4) of
21 the James Madison Memorial Fellowship Act (20
22 U.S.C. 4514(3)) is amended by striking “1201(a)”
23 and inserting “101”, and by striking “1201(d)” and
24 inserting “101”.

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1 (35) REHABILITATION ACT OF 1973.—Sections
2 7(32) and 101(a)(7)(A)(iv)(II) of the Rehabilitation
3 Act of 1973 (29 U.S.C. 706(32); 29 U.S.C.
4 721(a)(7)(A)(iv)(II)) are each amended by striking
5 “1201(a) of the Higher Education Act of 1965 (20
6 U.S.C. 1141(a))” and inserting “101 of the Higher
7 Education Act of 1965”.

8 (36) TECHNOLOGY RELATED ASSISTANCE FOR
9 INDIVIDUALS WITH DISABILITIES ACT OF 1988.—Sec-
10 tion 3(8) of the Technology Related Assistance for
11 Individuals with Disabilities Act of 1988 (29 U.S.C.
12 2202(8)) is amended by striking “1201(a) of the
13 Higher Education Act of 1965 (20 U.S.C. 1141(a))”
14 and inserting “101 of the Higher Education Act of
15 1965”.

16 (37) TRIBALLY CONTROLLED COMMUNITY COL-
17 LEGE ASSISTANCE ACT OF 1978.—The Tribally Con-
18 trolled Community College Assistance Act of 1978 is
19 amended—

20 (A) in section 2(a)(5) (25 U.S.C.
21 1801(a)(5)), by striking “1201(a)” and insert-
22 ing “101”; and

23 (B) in section 113(b)(2) (25 U.S.C.
24 1813(b)(2)), by striking “1201(a) of the Higher
25 Education Act of 1965 (20 U.S.C. 1141(a))”

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1 and inserting “101 of the Higher Education
2 Act of 1965”.

3 (38) VIOLENT CRIME CONTROL AND LAW EN-
4 FORCEMENT ACT OF 1994.—The Violent Crime Con-
5 trol and Law Enforcement Act of 1994 is amend-
6 ed—

7 (A) in sections 200103 and 200202 (42
8 U.S.C. 14092; 14111), by striking “1201(a) of
9 the Higher Education Act of 1965 (20 U.S.C.
10 1141(a))” and inserting “101 of the Higher
11 Education Act of 1965”; and

12 (B) in section 30401 (42 U.S.C. 13791),
13 by striking “a public” through “that Act”, and
14 inserting “an elementary school as defined in
15 section 14101(14) of the Elementary and Sec-
16 ondary Education Act of 1965, and a secondary
17 school as defined by section 14101(25) of such
18 Act, which are public institutions”.

19 **SEC. 102. DEFINITIONS.**

20 (a) INSTITUTION OF HIGHER EDUCATION.—Section
21 101 (as redesignated by section 101(a)(3) of this Act) is
22 amended by striking subsections (a) and (b) and inserting
23 the following:

24 “(a) INSTITUTION OF HIGHER EDUCATION.—

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1 “(1) IN GENERAL.—Subject to paragraphs (2)
2 through (4) of this subsection:

3 “(A) PRINCIPAL CRITERIA.—The term ‘in-
4 stitution of higher education’ means an edu-
5 cational institution in any State that—

6 “(i) admits as regular students only
7 persons having a certificate of graduation
8 from a school providing secondary edu-
9 cation, or the recognized equivalent of such
10 a certificate;

11 “(ii) is legally authorized within such
12 State to provide a program of education
13 beyond secondary education;

14 “(iii) provides an educational program
15 for which it awards a bachelor’s degree or
16 provides not less than a two-year program
17 that is acceptable for full credit toward
18 such a degree;

19 “(iv) is a public or other nonprofit in-
20 stitution; and

21 “(v) is accredited by a nationally rec-
22 ognized accrediting agency or association,
23 or if not so accredited, is an institution
24 that has been granted preaccreditation sta-
25 tus by such an agency or association that

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1 has been recognized by the Secretary for
2 the granting of preaccreditation status,
3 and the Secretary has determined that
4 there is satisfactory assurance that the in-
5 stitution will meet the accreditation stand-
6 ards of such an agency or association with-
7 in a reasonable time.

8 “(B) ADDITIONAL INSTITUTIONS IN-
9 CLUDED.—The term ‘institution of higher edu-
10 cation’ also includes—

11 “(i) any school that provides not less
12 than a one-year program of training to
13 prepare students for gainful employment in
14 a recognized occupation and that meets the
15 provision of clauses (1), (2), (4), and (5);
16 and

17 “(ii) a public or nonprofit private edu-
18 cational institution in any State that, in
19 lieu of the requirement in clause (1), ad-
20 mits as regular students persons who are
21 beyond the age of compulsory school at-
22 tendance in the State in which the institu-
23 tion is located.

24 “(C) LIST OF ACCREDITING AGENCIES.—

25 For purposes of this subsection, the Secretary

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1 shall publish a list of nationally recognized ac-
2 crediting agencies or associations that he deter-
3 mines, pursuant to subpart 2 of part H of title
4 IV of this Act, to be reliable authority as to the
5 quality of the education or training offered.

6 “(2) DEFINITION FOR PURPOSES OF TITLE IV
7 PROGRAMS.—

8 “(A) INCLUSION OF ADDITIONAL INSTITU-
9 TIONS.—Subject to subparagraphs (B) through
10 (D) of this paragraph, the term ‘institution of
11 higher education’ for purposes of title IV of this
12 Act includes, in addition to the institutions cov-
13 ered by the definition in paragraph (1) of this
14 subsection—

15 “(i) a proprietary institution of higher
16 education;

17 “(ii) a postsecondary vocational insti-
18 tution; and

19 “(iii) only for the purposes of part B
20 of title IV, an institution outside the Unit-
21 ed States that is comparable to an institu-
22 tion of higher education as defined in para-
23 graph (1) of this subsection and that has
24 been approved by the Secretary for the
25 purpose of part B of title IV.

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1 “(B) INSTITUTIONS OUTSIDE THE UNITED
2 STATES.—

3 “(i) For the purpose of qualifying as
4 an institution under subparagraph (A)(iii)
5 of this paragraph, the Secretary shall es-
6 tablish criteria by regulation for the ap-
7 proval of institutions outside the United
8 States and for the determination that such
9 institutions are comparable to an institu-
10 tion of higher education as defined in para-
11 graph (1) of this subsection. In the case of
12 a graduate medical school outside the
13 United States, such criteria shall include a
14 requirement that a student attending a
15 graduate medical school outside the United
16 States is ineligible for loans made, insured,
17 or guaranteed under part B of this title
18 unless—

19 “(I)(aa) at least 60 percent of
20 those enrolled and at least 60 percent
21 of the graduates of the graduate med-
22 ical school outside the United States
23 were not persons described in section
24 484(a)(5) in the year preceding the

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1 year for which a student is seeking a
2 loan under part B of title IV; and

3 “(bb) at least 60 percent of the
4 individuals who were students or
5 graduates of the graduate medical
6 school outside the United States (both
7 nationals of the United States and
8 others) taking the examinations ad-
9 ministered by the Educational Com-
10 mission for Foreign Medical Grad-
11 uates received a passing score in the
12 year preceding the year for which a
13 student is seeking a loan under part
14 B of title IV; or

15 “(II) the institution’s clinical
16 training program was approved by a
17 State as of January 1, 1992.

18 “(ii) For the purpose of qualifying as
19 an institution under subparagraph (A)(iii)
20 of this paragraph, the Secretary shall es-
21 tablish an advisory panel of medical ex-
22 perts that shall—

23 “(I) evaluate the standards of ac-
24 creditation applied to applicant for-
25 eign medical schools; and

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1 “(II) determine the comparability
2 of those standards to standards for
3 accreditation applied to United States
4 medical schools.

5 If such accreditation standards are deter-
6 mined not to be comparable, the foreign
7 medical school shall be required to meet
8 the requirements of paragraph (1) of this
9 subsection.

10 “(iii) The failure of an institution out-
11 side the United States to provide, release,
12 or authorize release to the Secretary of
13 such information as may be required by
14 clause (i) of this subparagraph shall render
15 such institution ineligible for the purpose
16 of part B of title IV.

17 “(iv) If, pursuant to this subpara-
18 graph, an institution loses eligibility to
19 participate in the programs under title IV,
20 then a student enrolled at such institution
21 may, notwithstanding such loss of eligi-
22 bility, continue to be eligible to receive a
23 loan under part B while attending such in-
24 stitution for the academic year succeeding

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1 the academic year in which such loss of eli-
2 gibility occurred.

3 “(C) LIMITATIONS BASED ON COURSE OF
4 STUDY OR ENROLLMENT.—An institution shall
5 not be considered to meet the definition of an
6 institution of higher education in subparagraph
7 (A) of this paragraph if such institution—

8 “(i) offers more than 50 percent of
9 such institution’s courses by correspond-
10 ence, unless the institution is an institution
11 that meets the definition in section
12 521(4)(C) of the Carl D. Perkins Voca-
13 tional and Applied Technology Education
14 Act;

15 “(ii) enrolls 50 percent or more of its
16 students in correspondence courses, unless
17 the institution is an institution that meets
18 the definition in such section, except that
19 the Secretary, at the request of such insti-
20 tution, may waive the applicability of this
21 clause to such institution for good cause,
22 as determined by the Secretary in the case
23 of an institution of higher education that
24 provides a 2-year or 4-year program of in-

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1 instruction for which the institution awards
2 an associate or baccalaureate degree;

3 “(iii) has a student enrollment in
4 which more than 25 percent of the stu-
5 dents are incarcerated, except that the
6 Secretary may waive the prohibition of this
7 clause for a nonprofit institution that pro-
8 vides a 4-year or a 2-year program of in-
9 struction (or both) for which it awards a
10 bachelor’s or associate’s degree or diploma,
11 respectively; or

12 “(iv) has a student enrollment in
13 which more than 50 percent of the stu-
14 dents do not have a high school diploma or
15 its recognized equivalent and does not pro-
16 vide a 4-year or a 2-year program of in-
17 struction (or both) for which it awards a
18 bachelor’s or associate’s degree, respec-
19 tively, except that the Secretary may waive
20 the limitation contained in this clause if a
21 nonprofit institution demonstrates to the
22 satisfaction of the Secretary that it exceeds
23 such limitation because it serves, through
24 contracts with Federal, State, or local gov-
25 ernment agencies, significant numbers of

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1 students who do not have a high school di-
2 ploma or its recognized equivalent.

3 “(D) LIMITATIONS BASED ON MANAGE-
4 MENT.—An institution shall not be considered
5 to meet the definition of an institution of higher
6 education in subparagraph (A) of this para-
7 graph if—

8 “(i) the institution, or an affiliate of
9 the institution that has the power, by con-
10 tract or ownership interest, to direct or
11 cause the direction of the management or
12 policies of the institution, has filed for
13 bankruptcy; or

14 “(ii) the institution, its owner, or its
15 chief executive officer has been convicted
16 of, or has pled nolo contendere or guilty to,
17 a crime involving the acquisition, use, or
18 expenditure of funds under title IV, or has
19 been judicially determined to have commit-
20 ted fraud involving funds under title IV.

21 “(E) CERTIFICATION.—The Secretary
22 shall certify an institution’s qualification as an
23 institution of higher education in accordance
24 with the requirements of subpart 2 of part H.

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1 “(F) LOSS OF ELIGIBILITY.—An institu-
2 tion of higher education shall not be considered
3 to meet the definition of an institution of higher
4 education in subparagraph (A) of this para-
5 graph if such institution is removed from eligi-
6 bility for funds under title IV as a result of an
7 action pursuant to part H of title IV.

8 “(3) PROPRIETARY INSTITUTION OF HIGHER
9 EDUCATION.—

10 “(A) PRINCIPAL CRITERIA.—For the pur-
11 pose of this subsection, the term ‘proprietary
12 institution of higher education’ means a school
13 that—

14 “(i) provides an eligible program of
15 training to prepare students for gainful
16 employment in a recognized occupation;

17 “(ii) meets the requirements of
18 clauses (i) and (ii) of paragraph (1)(A) of
19 this subsection;

20 “(iii) does not meet the requirement
21 of clause (iv) of paragraph (1)(A) of this
22 subsection;

23 “(iv) is accredited by a nationally rec-
24 ognized accrediting agency or association

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1 approved by the Secretary pursuant to
2 part H of title IV;

3 “(v) has been in existence for at least
4 2 years; and

5 “(vi) has at least 15 percent of its
6 revenues from sources that are not derived
7 from funds provided under title IV, as de-
8 termined in accordance with regulations
9 prescribed by the Secretary.

10 In determining such 15 percent of revenues for
11 purposes of clause (vi), funds from programs of
12 education and training that do not meet the
13 definition of an eligible program in section
14 481(b), but are provided on a contractual basis
15 under Federal, State, or local training pro-
16 grams, or under specialized business and indus-
17 try training requests, shall be counted.

18 “(B) ADDITIONAL INSTITUTIONS.—The
19 term ‘proprietary institution of higher edu-
20 cation’ also includes a proprietary educational
21 institution in any State that, in lieu of the re-
22 quirement in clause (i) of paragraph (1)(A) of
23 this subsection, admits as regular students per-
24 sons who are beyond the age of compulsory

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1 school attendance in the State in which the in-
2 stitution is located.

3 “(4) POSTSECONDARY VOCATIONAL INSTITU-
4 TION.—

5 “(A) PRINCIPAL CRITERIA.—For the pur-
6 pose of this subsection, the term “postsecond-
7 ary vocational institution” means a school
8 that—

9 “(i) provides an eligible program of
10 training to prepare students for gainful
11 employment in a recognized occupation;

12 “(ii) meets the requirements of
13 clauses (i), (ii), (iv), and (v) of paragraph
14 (1)(A) of this subsection; and

15 “(iii) has been in existence for at least
16 2 years.

17 “(B) ADDITIONAL INSTITUTIONS.—The
18 term ‘postsecondary vocational institution also
19 includes an educational institution in any State
20 that, in lieu of the requirement in clause (i) of
21 paragraph (1)(A) of this subsection, admits as
22 regular students persons who are beyond the
23 age of compulsory school attendance in the
24 State in which the institution is located.

25 “(b) STATE; FREELY ASSOCIATED STATES.—

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1 “(1) STATE.—The term ‘State’ includes, in ad-
2 dition to the several States of the Union, the Com-
3 monwealth of Puerto Rico, the District of Columbia,
4 Guam, American Samoa, the Virgin Islands, the
5 Commonwealth of the Northern Mariana Islands,
6 and the Freely Associated States.

7 “(2) FREELY ASSOCIATED STATES.—The term
8 ‘Freely Associated States’ means the Republic of the
9 Marshall Islands, the Republic of Palau, and the
10 Federated States of Micronesia.”.

11 (b) CONFORMING AMENDMENTS.—

12 (1) Section 481 (20 U.S.C. 1088) is amended—

13 (A) by striking subsections (a), (b), and
14 (c); and

15 (B) by redesignating subsections (d)
16 through (f) as subsections (a) through (c), re-
17 spectively.

18 (2) Each of the following provisions is amended
19 by striking “section 481” and inserting “section
20 101(a)(2)”: sections 410A(C)(2)(D), 435(a)(1),
21 487(d), 494(c)(1)(A), 494A(b)(2), and 496(j) and
22 (k).

23 (3) Section 498(i) (20 U.S.C. 1099c) is amend-
24 ed by striking “section 481 (other than the require-
25 ments in subsections (b)(5) and (c)(3))” and insert-

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1 ing “section 101(a) (other than the requirements in
2 paragraphs (3)(A)(v) and (4)(A)(iii))”.

3 (4) Section 498(j) is amended by striking “sec-
4 tions 481(b)(5) and 481(c)(3)” and inserting “para-
5 graphs (3)(A)(v) and (4)(A)(iii) of section 101(a)”.

6 (5) Section 105(b) (as redesignated by section
7 101(a)(3)(D)) is amended by adding at the end the
8 following new sentence: “This subsection shall cease
9 to be effective on October 1, 2001.”.

10 **PART B—PERFORMANCE-BASED ORGANIZATION**
11 **FOR THE DELIVERY OF FEDERAL STUDENT**
12 **FINANCIAL ASSISTANCE.**

13 **SEC. 111. PERFORMANCE-BASED ORGANIZATION FOR THE**
14 **DELIVERY OF FEDERAL STUDENT FINANCIAL**
15 **ASSISTANCE.**

16 Title I (as amended by part A of this title) is amend-
17 ed—

18 (1) by striking “TITLE I—GENERAL PRO-
19 VISIONS” and inserting the following:

20 **“TITLE I—GENERAL AND**
21 **ADMINISTRATIVE PROVISIONS**

22 **“PART A—GENERAL PROVISIONS”;**

23 and

24 (2) by adding at the end the following new part:

1 **“PART B—ADMINISTRATIVE PROVISIONS FOR**
2 **DELIVERY OF STUDENT FINANCIAL ASSISTANCE**
3 **“SEC. 131. PERFORMANCE-BASED ORGANIZATION FOR THE**
4 **DELIVERY OF FEDERAL STUDENT FINANCIAL**
5 **ASSISTANCE.**

6 “(a) ESTABLISHMENT AND PURPOSE.—

7 “(1) ESTABLISHMENT.—There is established in
8 the Department a Performance-Based Organization
9 (hereafter referred to as the ‘PBO’) which shall be
10 a discrete management unit responsible for manag-
11 ing the information systems supporting the pro-
12 grams authorized under title IV of this Act, as speci-
13 fied in subsection (b).

14 “(2) PURPOSES.—The purposes of the PBO
15 are—

16 “(A) to improve the level of service to stu-
17 dents and participants in the programs;

18 “(B) to reduce the costs of administering
19 the Federal student financial assistance pro-
20 grams authorized under title IV;

21 “(C) to increase the accountability of the
22 officials responsible for administering the oper-
23 ational aspects of these programs;

24 “(D) to provide greater flexibility in the
25 management of the operational functions of the
26 Federal student financial assistance programs;

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1 “(E) to integrate the information systems
2 supporting the Federal student financial assist-
3 ance programs; and

4 “(F) to implement an open, common, inte-
5 grated system for the delivery of student finan-
6 cial assistance under title IV.

7 “(b) AUTHORITY.—

8 “(1) AUTHORITY OF SECRETARY.— Notwith-
9 standing any other provision of this Act, the Sec-
10 retary shall maintain responsibility for the develop-
11 ment and promulgation of policy relating to the pro-
12 grams of student financial assistance under title IV.
13 In the exercise of its functions, the PBO shall be
14 subject to the direction of the Secretary. The Sec-
15 retary shall—

16 “(A) request the advice of, and work in co-
17 operation with, the Chief Operating Officer in
18 developing regulations, policies, administrative
19 guidance, or procedures affecting the informa-
20 tion systems administered by the PBO, and
21 other functions performed by the PBO;

22 “(B) request cost estimates from the Chief
23 Operating Officer for system changes required
24 by specific policies proposed by the Secretary;

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1 “(C) consider the Chief Operating Officer’s
2 comments and estimates prior to finalizing such
3 regulations, policies, administrative guidance, or
4 procedures;

5 “(D) assist the Chief Operating Officer in
6 identifying goals for the administration and
7 modernization of the delivery system for stu-
8 dent financial assistance under title IV; and

9 “(E) if necessary, arrange for additional
10 funding to ensure that the PBO can efficiently
11 perform its functions.

12 “(2) FUNCTIONS.—The PBO shall carry out
13 the following functions:

14 “(A) All aspects of contracting for the data
15 and information systems supporting student fi-
16 nancial assistance under title IV, including the
17 operational administration of the William D.
18 Ford Federal Direct Loan Program, but not in-
19 cluding the development of policy relating to
20 such programs.

21 “(B) The administrative, accounting, and
22 financial management functions of the delivery
23 system for Federal student assistance, includ-
24 ing—

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1 “(i) the collection, processing and
2 transmission of applicant data to students,
3 institutions and authorized third parties,
4 as provided for in section 483;

5 “(ii) technical specifications for soft-
6 ware development and systems supporting
7 the delivery of student financial assistance
8 under title IV;

9 “(iii) information technology and sys-
10 tems infrastructure related to the delivery
11 and management of student financial as-
12 sistance under title IV;

13 “(iv) all software and hardware acqui-
14 sitions and all information technology con-
15 tracts related to the delivery and manage-
16 ment of student financial assistance under
17 title IV; and

18 “(v) all customer service, training and
19 user support related to the functions de-
20 scribed in clauses (i) through (iv).

21 “(C) Annual development of a budget for
22 the operations and services of the PBO, in con-
23 sultation with the Secretary, and for consider-
24 ation and inclusion in the Department’s annual
25 budget submission.

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1 “(D) Annual development of goals, in con-
2 sultation with the Secretary, for the administra-
3 tion and modernization of the system for deliv-
4 ery of student financial assistance under title
5 IV.

6 “(E) Other functions proposed by the Sec-
7 retary, and agreed to by the Chief Operating
8 Officer as are not inconsistent with the func-
9 tions of the PBO.

10 “(3) INDEPENDENCE.—In carrying out its
11 functions, the PBO shall exercise independent con-
12 trol of its budget allocations and expenditures, per-
13 sonnel decisions and processes, procurements, and
14 other administrative and management functions.

15 “(4) REVIEW OF PBO.—The PBO shall be sub-
16 ject to the usual and customary Federal audit proce-
17 dures, and be subject to review by the Inspector
18 General of the Department.

19 “(c) AUTHORIZATION OF APPROPRIATIONS.—For the
20 purpose of funding the administrative costs incurred by
21 the PBO in administering systems supporting programs
22 under this part, there are authorized to be appropriated
23 such sums as may be necessary for fiscal year 1999 and
24 each of the 4 succeeding fiscal years, except that funds
25 authorized under section 458 shall be made available to

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1 the PBO by the Secretary for administrative costs author-
2 ized to be funded under that section.

3 “(d) ORGANIZATIONAL REPORTS.—

4 “(1) PERFORMANCE PLAN.—Within 6 months
5 of the hiring of the Chief Operating Officer, and
6 every 12 months thereafter, the Secretary and the
7 Chief Operating Officer of the Department shall de-
8 velop a performance plan for the PBO that estab-
9 lishes measurable goals and objectives for the orga-
10 nization. In developing this performance plan, the
11 Secretary and the Chief Operating Officer shall con-
12 sult with the Committee on Education and the
13 Workforce of the House of Representatives, the
14 Committee on Labor and Human Resources of the
15 Senate, and the Advisory Committee on Student Fi-
16 nancial Assistance. The performance plan shall in-
17 clude a concise statement of goals for a modernized
18 system for the delivery of student financial assist-
19 ance under title IV and identify action steps nec-
20 essary to achieve such goals. Such goals shall be
21 used in evaluating the performance of the Chief Op-
22 erating Officer and the PBO pursuant to paragraph
23 (2).

24 “(2) ANNUAL ACCOUNTABILITY REPORT.—The
25 Chief Operating Officer shall prepare and submit an

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1 annual accountability report to the Secretary and
2 the Committee on Education and the Workforce of
3 the House of Representatives and the Committee on
4 Labor and Human Resources of the Senate. The ac-
5 countability report shall include—

6 “(A) an independent financial audit of the
7 expenditures of both the PBO and programs
8 administered by it;

9 “(B) financial and performance require-
10 ments applicable to the PBO under the Chief
11 Financial Officer Act of 1990 and the Govern-
12 ment Performance and Results Act of 1993;

13 “(C) the results achieved by the PBO dur-
14 ing the year relative to the goals established in
15 the organization’s performance plan;

16 “(D) the results of the evaluations of per-
17 formance of the Chief Operating Officer and
18 senior managers under subsections (e)(2) and
19 (f)(2), including the amounts of bonus com-
20 pensation awarded to these individuals;

21 “(E) a discussion of the effectiveness of co-
22 ordination between the PBO and the Secretary;

23 “(F) recommendations for legislative and
24 regulatory changes to improve service to stu-

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1 dents and their families, and to or improve pro-
2 gram efficiency and integrity; and

3 “(G) other such information as the Direc-
4 tor of the Office of Management and Budget
5 shall prescribe for performance based organiza-
6 tions.

7 “(e) CHIEF OPERATING OFFICER.—

8 “(1) IN GENERAL.—The management of the
9 PBO shall be vested in a Chief Operating Officer
10 who shall be appointed by the Secretary to a 5-year
11 term and compensated without regard to chapters
12 33, 51, and 53 of title 5, United States Code. The
13 Secretary shall appoint the Chief Operating Officer
14 within 6 months of the date of enactment of this
15 part. The Secretary shall consult with the Chairmen
16 of the Committee on Education and the Workforce
17 of the House of Representatives and the Committee
18 on Labor and Human Resources of the Senate prior
19 to making an appointment. The appointment shall
20 be made on the basis of demonstrated management
21 ability and expertise in information technology, in-
22 cluding extensive experience in the financial services
23 industry, and without regard to political affiliation
24 or activity. The Secretary may reappoint the Chief
25 Operating Officer to subsequent terms so long as the

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1 performance of the Chief Operating Officer, as set
2 forth in the performance agreement, is satisfactory
3 or better. The Chief Operating Officer may be re-
4 moved by—

5 “(A) the President; or

6 “(B) the Secretary, for misconduct or fail-
7 ure to meet performance goals set forth in the
8 performance agreement in paragraph (2).

9 The President or Secretary shall communicate the
10 reasons for any such removal to the appropriate
11 committees of Congress.

12 “(2) PERFORMANCE AGREEMENT.—The Sec-
13 retary and the Chief Operating Officer shall enter
14 into an annual performance agreement which shall
15 set forth measurable organization and individual
16 goals for the Chief Operating Officer in key oper-
17 ational areas. The agreement shall be subject to re-
18 view and renegotiation at the end of each term. The
19 final agreement shall be transmitted to the Commit-
20 tee on Education and the Workforce of the House
21 of Representatives and the Committee on Labor and
22 Human Resources of the Senate, and made publicly
23 available.

24 “(3) COMPENSATION.—The Chief Operating
25 Officer is authorized to be paid at an annual rate of

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1 basic pay not to exceed the maximum rate of basic
2 pay for the Senior Executive Service under section
3 5382 of title 5, United States Code, including any
4 applicable locality-based comparability payment that
5 may be authorized under section 5304(h)(2)(B) of
6 such title 5. In addition, the Chief Operating Officer
7 may receive a bonus in an amount up to, but not in
8 excess of, 50 percent of such annual rate of basic
9 pay, based upon the Secretary's evaluation of the
10 Chief Operating Officer's performance in relation to
11 the performance goals set forth in the performance
12 agreement described in paragraph (2). Payment of a
13 bonus under this paragraph may be made to the
14 Chief Operating Officer only to the extent that such
15 payment does not cause the Chief Operating Offi-
16 cer's total aggregate compensation in a calendar
17 year to equal or exceed the amount of the Presi-
18 dent's salary under section 102 of title 3, United
19 States Code.

20 “(f) SENIOR MANAGEMENT.—

21 “(1) IN GENERAL.—The Chief Operating Offi-
22 cer may appoint up to 5 senior managers as may be
23 necessary without regard to the provisions of title 5,
24 United States Code, governing appointments in the
25 competitive service, and who may be paid without re-

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1 gard to the provisions of chapter 51 and subchapter
2 III of chapter 53 of such title relating to classifica-
3 tion and General Schedule pay rates.

4 “(2) PERFORMANCE AGREEMENT.—The Chief
5 Operating Officer shall enter into an annual per-
6 formance agreement with each senior manager ap-
7 pointed under this subsection which shall set forth
8 measurable organization and individual goals in key
9 operational areas. The agreement shall be subject to
10 review and renegotiation at the end of each term.

11 “(3) COMPENSATION.—The Chief Operating
12 Officer is authorized to pay senior managers at an
13 annual rate of basic pay not to exceed 75 percent of
14 the maximum rate of basic pay for the Senior Exec-
15 utive Service under section 5382 of title 5, United
16 States Code, including any applicable locality-based
17 comparability payment that may be authorized
18 under section 5304(h)(2)(C) of such title 5. In addi-
19 tion, a senior manager may receive a bonus in an
20 amount up to, but not in excess of, 50 percent of
21 such annual rate of basic pay, based upon the Chief
22 Operating Officer’s evaluation of the manager’s per-
23 formance in relation to the performance goals set
24 forth in the performance agreement described in
25 paragraph (2).

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1 “(g) PERSONNEL FLEXIBILITY.—

2 “(1) PERSONNEL CEILINGS.—The PBO shall
3 not be subject to any ceiling relating to the number
4 or grade of employees.

5 “(2) ADMINISTRATIVE FLEXIBILITY.—The
6 Chief Operating Officer shall work with the Office of
7 Personnel Management to develop and implement
8 personnel flexibilities in staffing, classification, and
9 pay that meet the needs of the PBO, subject to com-
10 pliance with title 5, United States Code.

11 “(h) ESTABLISHMENT OF A FAIR AND EQUITABLE
12 SYSTEM FOR MEASURING STAFF PERFORMANCE.—The
13 PBO shall establish an annual performance management
14 system, subject to compliance with title 5, United States
15 Code and consistent with applicable provisions of law and
16 regulations, which strengthens the organizational effec-
17 tiveness of the PBO by providing for establishing goals
18 or objectives for individual, group, or organizational per-
19 formance (or any combination thereof), consistent with the
20 performance plan of the PBO and its performance plan-
21 ning procedures, including those established under the
22 Government Performance and Results Act of 1993, and
23 communicating such goals or objectives to employees.

24 “(i) PROCUREMENT FLEXIBILITY.—

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1 “(1) IN GENERAL.—Except as provided in this
2 subsection, the PBO shall abide by all applicable
3 Federal procurement laws and regulations when pro-
4 curing property and services. The PBO shall—

5 “(A) enter into contracts for information
6 systems supporting the programs authorized
7 under title IV to carry out the functions set
8 forth in subsection (b)(2); and

9 “(B) obtain the services of experts and
10 consultants without regard to section 3109 of
11 title 5, United States Code and set pay in ac-
12 cordance with such section.

13 “(2) PERFORMANCE BASED SERVICING CON-
14 TRACTS.—The Chief Operating Officer shall, to the
15 extent practicable, maximize the use of performance
16 based servicing contracts, consistent with guidelines
17 for such contracts published by the Office of Federal
18 Procurement Policy, to achieve cost savings and im-
19 prove service.

20 “(3) FEE FOR SERVICE ARRANGEMENTS.—The
21 Chief Operating Officer shall, to the extent prac-
22 ticable and consistent with the purpose of the PBO,
23 utilize services available outside of the Federal Gov-
24 ernment in the delivery of Federal student financial
25 assistance. To achieve this purpose, the PBO is au-

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1 thorized to pay fees to an organization that are
2 equivalent to those paid by other entities for such
3 services, if the Chief Operating Officer determines
4 that such organization currently provides an infor-
5 mation system or service that meets the require-
6 ments of the PBO.

7 “(j) FOCUS GROUPS.—To facilitate information shar-
8 ing and customer involvement, the Chief Operating Officer
9 may establish focus groups composed of students, institu-
10 tions, and other participants in the programs authorized
11 by title IV to provide advice on student aid delivery mat-
12 ters.

13 **“SEC. 132. ADMINISTRATIVE SIMPLIFICATION OF STUDENT**
14 **AID DELIVERY.**

15 “(a) IN GENERAL.—The Secretary, and the Chief
16 Operating Officer shall improve the efficiency and effec-
17 tiveness of the student aid delivery system by encouraging
18 and participating in the establishment of voluntary con-
19 sensus standards and requirements for the electronic
20 transmission of information necessary for the administra-
21 tion of programs under title IV.

22 “(b) ADOPTION OF VOLUNTARY CONSENSUS STAND-
23 ARDS.—Except with respect to the common financial re-
24 porting form under section 483(a), the Secretary shall
25 adopt voluntary consensus standards for transactions re-

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1 quired under title IV, and common data elements for such
2 transactions, to enable information to be exchanged elec-
3 tronically between systems administered by the Depart-
4 ment and among participants in the Federal student aid
5 delivery system.

6 “(c) REQUIREMENTS FOR ADOPTION OF VOLUNTARY
7 CONSENSUS STANDARDS.—Any voluntary consensus
8 standard adopted under this section shall—

9 “(1) be a standard that has been developed,
10 adopted, or modified by a standard setting organiza-
11 tion that is open to the participation of the various
12 entities engaged in the delivery of Federal student
13 financial assistance; and

14 “(2) be consistent with the objective of reducing
15 the administrative costs of delivering student finan-
16 cial assistance under title IV.

17 “(d) PARTICIPATION IN STANDARD SETTING ORGA-
18 NIZATIONS.—

19 “(1) The Chief Operating Officer shall partici-
20 pate in the activities of standard setting organiza-
21 tions in carrying out the provisions of this section.

22 “(2) The Chief Operating Officer shall encour-
23 age higher education groups seeking to develop com-
24 mon forms, standards, and procedures in support of
25 the delivery of Federal student financial assistance

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1 to conduct these activities within a standard setting
2 organization.

3 “(3) The Chief Operating Officer may pay nec-
4 essary dues and fees associated with participating in
5 standard setting organizations pursuant to this sub-
6 section from funds available under subsection (j).

7 “(e) PROCEDURES FOR ADOPTION AND IMPLEMEN-
8 TATION OF VOLUNTARY CONSENSUS STANDARDS.—In
9 adopting voluntary consensus standards and implementa-
10 tion timetables under this section, including modifications
11 of existing standards, the Secretary shall follow the proce-
12 dures for negotiated rulemaking in section 492.

13 “(f) INITIAL VOLUNTARY CONSENSUS STANDARDS
14 TO BE ADOPTED.—Through coordinated participation be-
15 tween the Chief Operating Officer and standard setting
16 organizations, the initial standards adopted by the Sec-
17 retary shall include the following:

18 “(1) ELECTRONIC PERSONAL IDENTIFIER NUM-
19 BER.—The Secretary shall adopt standards for a
20 single electronic personal identifier number for stu-
21 dents receiving assistance under title IV.

22 “(2) ELECTRONIC SIGNATURE.—The Secretary,
23 in coordination with the Secretary of Commerce,
24 shall adopt standards specifying procedures for the
25 electronic transmission and authentication of signa-

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1 tures with respect to transactions requiring a signa-
2 ture under title IV.

3 “(3) SINGLE INSTITUTIONAL IDENTIFIER.—The
4 Secretary shall adopt standards for a single identi-
5 fier for eligible institutions under title IV.

6 “(g) USE OF CLEARINGHOUSES.—Nothing in this
7 section shall restrict the ability of participating institu-
8 tions and lenders from using a clearinghouse to comply
9 with the standards for the exchange of information estab-
10 lished under this section.

11 “(h) APPLICABILITY TO CURRENT SYSTEMS.—

12 “(1) GENERAL RULE.—Except as provided in
13 paragraph (2) and (3), this section shall apply to all
14 Department of Education information systems sup-
15 porting the delivery of programs under title IV no
16 later than 12 months from the date of enactment of
17 this part.

18 “(2) NATIONAL STUDENT LOAN DATA SYS-
19 TEM.—This section shall apply to sections 485B(e)
20 and (f) no later than 18 months after the date of
21 enactment of this part.

22 “(3) INTEGRATED POSTSECONDARY EDUCATION
23 DATA SYSTEM.—The Secretary shall coordinate the
24 adoption of voluntary consensus standards under
25 this section to ensure that standards are compatible

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1 with the integrated postsecondary education data
2 system (IPEDS).

3 “(i) DATA SECURITY.—Any entity that maintains or
4 transmits information under a transaction covered by this
5 section shall maintain reasonable and appropriate admin-
6 istrative, technical, and physical safeguards—

7 “(1) to ensure the integrity and confidentiality
8 of the information; and

9 “(2) to protect against any reasonably antici-
10 pated security threats, or unauthorized uses or dis-
11 closures of the information.

12 “(j) AUTHORIZATION OF APPROPRIATIONS.—There
13 are authorized to be appropriated in any fiscal year or
14 made available from funds appropriated to carry out ac-
15 tivities in this section in any fiscal year such sums as may
16 be necessary to carry out the provisions of this section,
17 except that if no funds are appropriated pursuant to this
18 subsection, the Secretary shall make funds available to
19 carry out this section from amounts appropriated for the
20 operations and expenses of the Department of Education.

21 “(k) DEFINITIONS.—For purposes of this section:

22 “(1) The term ‘voluntary consensus standard’
23 means a standard developed or used by a standard
24 setting organization accredited by the American Na-
25 tional Standards Institute.

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1 “(2) The term ‘standard setting organization’
2 means a standard setting organization accredited by
3 the American National Standards Institute that de-
4 velops standards for information transactions, data
5 elements, or any other standard that is necessary to,
6 or will facilitate, the implementation of this section.

7 “(3) For purposes of this section, the term
8 ‘clearinghouse’ means a public or private entity that
9 processes or facilitates the processing of non-
10 standard data elements into data elements conform-
11 ing to standards adopted under this section.”.